

HELENDALE SCHOOL DISTRICT

SAN BERNARDINO COUNTY  
HELENDALE, CALIFORNIA

ANNUAL FINANCIAL STATEMENTS  
WITH REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANT

JUNE 30, 2015

**JLG**  
Jeanette L. Garcia & Associates  
CERTIFIED PUBLIC ACCOUNTANT

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## Financial Section



INDEPENDENT AUDITOR'S REPORT

Jeanette L. Garcia,  
CPA

To the Board of Trustees  
Helendale School District  
Helendale, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Helendale School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Member:

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

American  
Institute of  
Certified Public  
Accountants

*Opinions*

California  
Society of  
Certified Public  
Accountants

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Helendale School District, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

### *Change in Accounting Principle*

As described in Note 1 to the financial statements, in 2015, Helendale School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 12, General Fund Budgetary Comparison Schedule on page 42, Charter School Fund Budgetary Comparison Schedule on page 43 and Schedules of the District's Proportionate Share of the Net Pension Liability and Contributions on pages 44 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Helendale School District's basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying other supplemental information is presented for purposes of additional analysis as required by the State's audit guide, *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, other supplementary information and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, other supplementary information and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2015, on our consideration of Helendale School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Helendale School District's internal control over financial reporting and compliance.

*Janette L. Garcia + Associates*

Redlands, California  
December 14, 2015



HELENDALE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Fiscal Year Ended  
June 30, 2015

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**INTRODUCTION**

The Management's Discussion and Analysis of Helendale School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2015. The intent of the analysis is to look at the District's financial performance as a whole; readers should also review the auditor's letter, notes to the basic financial statements and the basic government-wide financial statements to enhance their understanding of the District's financial performance.

Helendale School District serves 617 students in grades K-8. There is one elementary school, one 7-8 middle school and one charter high school. The 48 certificated, management and confidential employees and the 27 classified employees provide for the needs of the District's students. Helendale School District is located in the unincorporated area of San Bernardino County, serving the greater Helendale area and community of Silver Lakes.

**USING THE COMPREHENSIVE ANNUAL FINANCIAL REPORT**

- This comprehensive annual financial report consists of a series of financial statements and notes to those statements. The statements are organized so that the reader can understand the Helendale School District as a whole, and then proceed to provide an increasingly detailed look at specific financial activities.
- The "Statement of Net Position" and "Statement of Activities" provide information about the activities of the whole school district, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. "Fund Financial Statements" provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's major funds with all other non-major funds presented in total.
- The major funds for Helendale School District are the General Fund, the Charter School Fund and the Capital Facilities Fund.
- The Management's Discussion and Analysis is provided to assist our citizens, taxpayers and investors in reviewing the District's finances.

**FINANCIAL HIGHLIGHTS**

- The Helendale School District's Government-Wide Statement of Net Position shows Total Net Position of \$1,671,974, the result of assets and deferred outflows of resources of \$14,971,226, less liabilities and deferred inflows of resources of \$13,299,252.
- The District implemented GASB Statement No. 68, which requires the District to report its proportionate share of the Net Pension Liabilities of CalPERS and CalSTRS. At June 30, 2015, the District's proportionate share of the Net Pension Liabilities was \$4,071,665.
- General Revenues accounted for \$7,124,412 in revenue or 89% of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$907,345 or 11% of total revenues of \$8,031,757.

HELENDALE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Fiscal Year Ended  
June 30, 2015

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- The District had \$8,020,896 in expenses related to governmental activities; only \$907,345 of these expenses were offset by program specific charges for services, grants and contributions. General revenues (primarily state LCFF sources and property taxes) provided the remaining \$7,113,551 required for these programs. This resulted in a change in Net Position of \$10,861.
- The General Fund reported a positive fund balance of \$1,272,352.

**REPORTING THE DISTRICT AS A WHOLE**

▪ THE STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" "The Statement of Net Position" and "The Statement of Activities" report information about the District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the District's net position and changes in it. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. However, the Helendale School District's goal is to provide services to our students, not to generate profits as commercial entities do. The reader will need to consider other non-financial factors as well as factors such as property tax base, current property tax laws, student enrollment growth, and facility conditions in arriving at their conclusion regarding the overall health of the District.

In the "Statement of Net Position" and the "Statement of Activities," the District is divided into two distinct kinds of activities:

- Governmental Activities - Most of the School District's programs and services are reported here, including instruction, pupil services including transportation and food services, administration, plant services, facilities acquisition and construction, interest on the long-term debt and other services.
- Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. Helendale School District does not conduct any of these types of activities at this time.

HELENDALE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Fiscal Year Ended  
June 30, 2015

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▪ FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the most significant funds, not the District as a whole. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions.

▪ GOVERNMENTAL FUNDS

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting. Governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements. Governmental funds include most of the primary funds of the District.

▪ FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District uses an agency fund to account for resources held for student activities and groups. These funds include Associated Student Body funds.

The Helendale School District is the trustee, or fiduciary, for its student activity funds. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The Helendale School District is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

▪ NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

HELENDALE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Fiscal Year Ended  
June 30, 2015

▪ THE DISTRICT AS A WHOLE

The "Statement of Net Position" provides the perspective of the District as a whole.

Table 1 provides a summary of the District's net position for both fiscal years 2014-2015 and 2013-2014.

Table 1 - Net Position

	<u>Governmental Activities</u>		%
	<u>2015</u>	<u>2014*</u>	
Current and Other Assets	\$ 2,880,292	\$ 3,319,391	(13.2)
Capital Assets	<u>11,560,013</u>	<u>11,599,243</u>	(0.3)
Total Assets	<u>14,440,305</u>	<u>14,918,634</u>	(3.2)
Deferred Outflows of Resources	<u>530,921</u>		
Current Liabilities	362,302	593,244	(38.9)
Long-Term Debt	<u>11,871,860</u>	<u>7,880,392</u>	50.7
Total Liabilities	<u>12,234,162</u>	<u>8,473,636</u>	44.4
Deferred Inflows of Resources	<u>1,065,090</u>		
Net Position			
Net Investment in Capital Assets	3,868,342	3,857,572	0.3
Restricted	1,406,541	1,516,671	(7.3)
Unrestricted	<u>(3,602,909)</u>	<u>1,070,755</u>	(436.5)
Total Net Position	<u>\$ 1,671,974</u>	<u>\$ 6,444,998</u>	(74.1)

\* Does not include adjustments for Net Pension Liability

HELENDALE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Fiscal Year Ended  
June 30, 2015

Table 2 shows the changes in net position for both fiscal years 2014-2015 and 2013-2014.

Table 2 - Changes in Net Position

	<u>Governmental Activities</u>		%
	<u>2015</u>	<u>2014*</u>	
<b>Revenues</b>			
<i>Program Revenues:</i>			
Charges for Services	\$ 52,723	\$ 46,161	14.2
Operating Grants and Contributions	854,622	808,742	5.7
<i>General Revenues:</i>			
Unrestricted Federal and State Sources	5,904,199	4,944,711	19.4
Property Taxes	921,916	616,638	49.5
Other General Revenues	298,297	235,101	26.9
Total Revenues	<u>8,031,757</u>	<u>6,651,353</u>	20.8
<b>Expenses</b>			
Instruction Related	5,202,802	4,213,985	23.5
Pupil Services	633,926	522,606	21.3
Administration	766,955	783,183	(2.1)
Maintenance and Operations	713,856	633,906	12.6
Other	703,357	899,178	(21.8)
Total Expenses	<u>8,020,896</u>	<u>7,052,858</u>	13.7
Change in Net Position	<u>\$ 10,861</u>	<u>\$ (401,505)</u>	102.7

\* Does not include adjustments for Net Pension Liability

▪ GOVERNMENTAL ACTIVITIES

Charges for services, operating grants and contributions and capital grants and contributions made up 11% of revenues for governmental activities. General Revenues not restricted to specific programs made up 89% of the total revenues available.

Instruction related activities made up 65% of total expenses. Pupil services including home-to-school transportation and food services made up 8%. Administration including data processing made up 10%. Maintenance and operations including facility acquisition and construction made up 9%. Other expenses made up 8%.

The "Statement of Activities" shows the cost of program services and the charges for services and grants offsetting those services.

HELENDALE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Fiscal Year Ended  
June 30, 2015

Table 3 shows the total cost of services and the net cost of services. The net cost of these services is the cost supported by tax revenue and unrestricted State entitlements.

Table 3 - Total and Net Cost of Governmental Activity

	Total Cost			
	2015	%	2014*	%
Instruction-Related	\$ 5,202,802	65	\$ 4,213,985	60
Pupil Services	633,926	8	522,606	7
Administration	766,955	10	783,183	11
Maintenance and Operations	713,856	9	633,906	9
Other	703,357	8	899,178	13
<b>Total</b>	<b>\$ 8,020,896</b>	<b>100</b>	<b>\$ 7,052,858</b>	<b>100</b>

  

	Net Cost			
	2015	%	2014*	%
Instruction-Related	\$ 4,689,796	66	\$ 3,719,761	60
Pupil Services	414,382	6	320,613	5
Administration	754,913	11	781,379	13
Maintenance and Operations	658,777	9	632,468	10
Other	595,683	8	743,734	12
<b>Total</b>	<b>\$ 7,113,551</b>	<b>100</b>	<b>\$ 6,197,955</b>	<b>100</b>

\* Does not include adjustments for Net Pension Liability

<b>GENERAL FUND BUDGET INFORMATION</b>
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The District's budget is prepared in accordance with California law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

The District begins the budget process in January of each year. By law, the Board of Trustees must adopt a Budget by June 30. In May of each year, a Preliminary Budget is presented to the Board. Time is allocated during the Board meeting for public input and Board direction. A proposed Final Budget is presented in early June, which reflects the latest known financial information, including the Governor's May Revision of the state budget. The Final Budget is presented for adoption in late June. During the course of the fiscal year, the District revises its budget as it deals with changes in revenues and expenditures. These reports include revisions based on state budget adoption that are normally presented in August, adjustments to Actuals in September, First Interim which is normally presented in December, and Second Interim which is normally presented in March.

HELENDALE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Fiscal Year Ended  
June 30, 2015

▪ GENERAL FUND BUDGET VARIATIONS

For the General Fund, actual revenues and other sources were \$4,971,282 with original budget estimated at \$3,634,134. The difference of \$1,337,148 was due to an increase in enrollment at Helendale School District. This growth led to an increase in revenue over and above the original budget estimate. Additional revenues were realized with the receipt of one-time discretionary mandate funding from the State.

There are several reasons for expenditure budget revisions. Most notable are any negotiated salary increases approved by the Board of Trustees for District employees. Changes in the number of staff and/or staff utilization of health and welfare benefits that vary from the original projections would require budget revisions.

The implementation of new instructional programs can also affect budget projections. New academically focused programs will impact expenditures in personnel, instructional materials, outside services and supplies.

▪ CAPITAL ASSETS AND DEBT ADMINISTRATION

• CAPITAL ASSETS

At the end of the fiscal year 2014-2015, the District had \$11,560,013 invested in land, buildings and site improvements, and furniture and equipment. Table 4 shows both fiscal years 2014-2015 and 2013-2014 balances.

Table 4 - Capital Assets at Year-End  
(net of depreciation)

	Governmental Activities	
	2015	2014
Land	\$ 190,269	\$ 190,269
Buildings and Site Improvements	10,555,822	10,614,639
Furniture and Equipment	813,922	794,335
Total	\$ 11,560,013	\$ 11,599,243

HELENDALE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Fiscal Year Ended  
June 30, 2015

- DEBT

At June 30, 2015, the Helendale School District had \$11,871,860 in outstanding debt. Table 5 summarizes these debts.

Table 5 - Outstanding Debt at Year-End

	Governmental Activities	
	2015	2014*
General Obligation Bonds	\$ 3,571,671	\$ 3,621,671
Compensated Absences	108,524	97,392
Certificates of Participation	4,120,000	4,120,000
Net Pension Liability	4,071,665	-
Other General Long-Term Debt	-	41,329
<b>Total</b>	<b>\$ 11,871,860</b>	<b>\$ 7,880,392</b>

\* Includes adjustments for Net Pension Liability

<b>FOR THE FUTURE</b>
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Helendale School District continues to prepare and implement the new Common Core standards. The District has been and will continue to send certificated staff to training and workshops to help improve their knowledge of the new Common Core standards. Helendale School District is working with its Director of Technology to analyze and improve its infrastructure in support of the Smarter Balanced Assessment Consortium (SBAC). SBAC is the approved testing system for the new Common Core standards. Helendale School District wants to be certain the District is ready to support its staff and students as we move into this new era of student assessment. Helendale School District was approved for the BIIG Grant and is working with the San Bernardino County Office of Education to install high speed internet at all school sites.

Helendale School District has implemented the new Local Control Funding Formula (LCFF). LCFF was approved by the State on July 1, 2013. LCFF replaces Revenue Limit as the State's form of funding school districts.

The Helendale School District Board of Trustees approved the Charter petition for Independence Charter Academy effective July 1, 2014. The Independence Charter Academy's Independent Study Director is working to increase enrollment. Satisfying the needs of students looking for alternative instructional methods is one goal of the program. The program is designed to assist students and families looking for an educational plan outside of the traditional in-seat classroom setting.

Helendale School District has seen an increase in its enrollment at the Academy of Careers and Exploration. The Academy of Careers and Exploration (ACE) continues to offer its Home-to-School transportation routes making it possible for students who reside outside of Helendale to attend its instructional program. ACE established the first eight-man football team in Helendale. This is the first time in Helendale's history that the community was able to rally around "Friday night lights."



HELENDALE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Fiscal Year Ended  
June 30, 2015

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Helendale School District is committed to providing a quality academic program to its K-8 Elementary District, ACE 7-12 in-seat charter school, and Independence Charter Academy. Helendale School District continues reaching for the future while remembering the past.

- CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Deanna Dibble, Business Manager, Helendale School District, P.O. Box 249, Helendale, California 92342.

HELENDALE SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
 JUNE 30, 2015

	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
Cash (Note 2)	\$ 2,534,076
Accounts Receivable (Note 3)	322,710
Prepaid Expenditures	23,506
Total Current Assets	2,880,292
Capital Assets: (Note 6)	
Land	190,269
Site Improvements	5,962,065
Buildings	7,258,641
Furniture and Equipment	1,943,788
Less Accumulated Depreciation	(3,794,750)
Total Capital Assets	11,560,013
TOTAL ASSETS	14,440,305
<u>DEFERRED OUTFLOWS OF RESOURCES</u> (Note 12)	530,921
<u>LIABILITIES</u>	
Accounts Payable and Other Current Liabilities	362,302
Long-Term Liabilities: (Note 8)	
Portion Due or Payable Within One Year	265,000
Portion Due or Payable After One Year	11,606,860
Total Long-Term Liabilities	11,871,860
TOTAL LIABILITIES	12,234,162
<u>DEFERRED INFLOWS OF RESOURCES</u> (Note 12)	1,065,090
<u>NET POSITION</u>	
Net Investment in Capital Assets	3,868,342
Restricted for:	
Capital Projects	647,712
Debt Service	295,136
Educational Programs	321
Other Purposes (Expendable)	429,866
Other Purposes (Nonexpendable)	33,506
Unrestricted	(3,602,909)
TOTAL NET POSITION	\$ 1,671,974

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Activities	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental:					
Instruction	\$ 4,400,927	\$ -	\$ 488,734	\$ -	\$ (3,912,193)
Instruction-Related Services:					
Supervision of Instruction	29,077	-	7,715	-	(21,362)
Instructional Library, Media and Technology	105,572	-	-	-	(105,572)
School Site Administration	667,226	-	16,557	-	(650,669)
Pupil Services:					
Home-to-School Transportation	286,322	-	-	-	(286,322)
Food Services	265,729	45,751	163,235	-	(56,743)
All Other Pupil Services	81,875	-	10,558	-	(71,317)
General Administration:					
Data Processing	43,629	-	-	-	(43,629)
All Other General Administration	723,326	-	12,042	-	(711,284)
Plant Services	713,856	3,636	51,443	-	(658,777)
Ancillary Services	86,182	-	942	-	(85,240)
Interest on Long-Term Debt	155,698	-	-	-	(155,698)
Other Outgo	139,492	3,336	103,396	-	(32,760)
Depreciation (Unallocated)	321,985	-	-	-	(321,985)
Total Governmental Activities	<u>\$ 8,020,896</u>	<u>\$ 52,723</u>	<u>\$ 854,622</u>	<u>\$ -</u>	<u>\$ (7,113,551)</u>
General Revenues:					
Taxes:					
Property Taxes, levied for general purposes					613,823
Property Taxes, levied for debt service					304,989
Property Taxes, levied for other specific purposes					3,104
Federal and State Aid not restricted to specific purposes					5,904,199
Interest and Investment Earnings					9,577
Interagency Revenues					38,756
Miscellaneous					249,964
Total General Revenues					<u>7,124,412</u>
Change in Net Position					<u>10,861</u>
Net Position - July 1, 2014, as Previously Reported					6,444,998
Adjustment for Restatement (Note 16)					<u>(4,783,885)</u>
Net Position - July 1, 2014, as Restated					<u>1,661,113</u>
Net Position - June 30, 2015					<u>\$ 1,671,974</u>

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
 JUNE 30, 2015

	GENERAL FUND	CHARTER SCHOOL FUND	CAPITAL FACILITIES FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>					
Cash (Note 2)					
Cash in County Treasury	\$ 1,037,292	\$ 511,728	\$ 599,224	\$ 343,048	\$ 2,491,292
Cash on Hand and in Banks	-	-	-	32,784	32,784
Cash in Revolving Fund	10,000	-	-	-	10,000
Accounts Receivable (Note 3)	284,732	19,367	532	18,079	322,710
Due from Other Funds (Note 4)	195,881	-	-	-	195,881
Prepaid Expenditures	17,474	6,032	-	-	23,506
<b>TOTAL ASSETS</b>	<b>\$ 1,545,379</b>	<b>\$ 537,127</b>	<b>\$ 599,756</b>	<b>\$ 393,911</b>	<b>\$ 3,076,173</b>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts Payable	\$ 273,027	\$ 68,513	\$ -	\$ 201	\$ 341,741
Due to Other Funds (Note 4)	-	150,266	-	45,615	195,881
<b>Total Liabilities</b>	<b>273,027</b>	<b>218,779</b>	<b>-</b>	<b>45,816</b>	<b>537,622</b>
Fund Balances (Note 5)					
Nonspendable	27,474	6,032	-	-	33,506
Restricted	321	-	599,756	348,095	948,172
Assigned	112,545	312,316	-	-	424,861
Unassigned	1,132,012	-	-	-	1,132,012
<b>Total Fund Balances</b>	<b>1,272,352</b>	<b>318,348</b>	<b>599,756</b>	<b>348,095</b>	<b>2,538,551</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,545,379</b>	<b>\$ 537,127</b>	<b>\$ 599,756</b>	<b>\$ 393,911</b>	<b>\$ 3,076,173</b>

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
 JUNE 30, 2015

Total Fund Balances - Governmental Funds		\$ 2,538,551
Amounts reported for governmental activities in the statement of net position are different because:		
In the governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation. The cost of the assets is \$15,354,763, and the accumulated depreciation is \$3,794,750.		11,560,013
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statements, it is recognized in the period that it is incurred.		(20,561)
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities at year-end consists of:		
General Obligation Bonds	3,571,671	
Compensated Absences	108,524	
Certificates of Participation	4,120,000	
Net Pension Liability	<u>4,071,665</u>	(11,871,860)
In governmental funds, deferred outflows and inflows of resources related to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to pensions are:		
Deferred outflows of resources related to pensions		530,921
Deferred inflows of resources related to pensions		<u>(1,065,090)</u>
Total Net Position - Governmental Activities		<u>\$ 1,671,974</u>

The Notes to Financial Statements are an integral part of this statement.

**HELENDALE SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	GENERAL FUND	CHARTER SCHOOL FUND	CAPITAL FACILITIES FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>					
Local Control Funding Formula Sources					
State Apportionments	\$ 3,013,322	\$ 1,815,806	\$ -	\$ -	\$ 4,829,128
Education Protection Accounts Funds	801,881	406,142	-	-	1,208,023
Local Sources	613,824	-	-	-	613,824
LCFF Transfers	(427,263)	91,334	-	-	(335,929)
Total LCFF Sources	<u>4,001,764</u>	<u>2,313,282</u>	<u>-</u>	<u>-</u>	<u>6,315,046</u>
Federal Revenues	193,182	45,435	-	151,389	390,006
Other State Revenues	256,158	124,128	-	14,649	394,935
Other Local Revenues	520,178	48,552	10,689	352,233	931,652
Total Revenues	<u>4,971,282</u>	<u>2,531,397</u>	<u>10,689</u>	<u>518,271</u>	<u>8,031,639</u>
<b>EXPENDITURES</b>					
Instruction	3,032,649	1,485,284	-	-	4,517,933
Instruction-Related Services:					
Supervision of Instruction	26,281	3,217	-	-	29,498
Instructional Library, Media and Technology	76,460	32,354	-	-	108,814
School Site Administration	353,180	333,637	-	-	686,817
Pupil Services:					
Home-to-School Transportation	167,516	140,984	-	-	308,500
Food Services	60,041	-	-	208,986	269,027
All Other Pupil Services	65,247	18,268	-	-	83,515
General Administration:					
Data Processing	14,372	6,763	-	-	21,135
All Other General Administration	613,759	159,303	-	-	773,062
Plant Services	522,931	241,578	75,824	-	840,333
Facilities Acquisition and Construction	11,950	4,019	150,336	2,490	168,795
Ancillary Services	18,799	68,497	-	-	87,296
Other Outgo	138,492	-	1,000	-	139,492
Debt Service:					
Principal	-	-	-	50,000	50,000
Interest	-	-	132,731	23,800	156,531
Total Expenditures	<u>5,101,677</u>	<u>2,493,904</u>	<u>359,891</u>	<u>285,276</u>	<u>8,240,748</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(130,395)</u>	<u>37,493</u>	<u>(349,202)</u>	<u>232,995</u>	<u>(209,109)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Interfund Transfers In (Note 4B)	-	-	93,284	-	93,284
Interfund Transfers Out (Note 4B)	(93,284)	-	-	-	(93,284)
Other Sources	-	-	-	119	119
Total Other Financing Sources (Uses)	<u>(93,284)</u>	<u>-</u>	<u>93,284</u>	<u>119</u>	<u>119</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>(223,679)</u>	<u>37,493</u>	<u>(255,918)</u>	<u>233,114</u>	<u>(208,990)</u>
<b>FUND BALANCES - JULY 1, 2014</b>	<u>1,496,031</u>	<u>280,855</u>	<u>855,674</u>	<u>114,981</u>	<u>2,747,541</u>
<b>FUND BALANCES - JUNE 30, 2015</b>	<u>\$ 1,272,352</u>	<u>\$ 318,348</u>	<u>\$ 599,756</u>	<u>\$ 348,095</u>	<u>\$ 2,538,551</u>

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Total Net Change in Fund Balances - Governmental Funds	\$	(208,990)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense of \$321,985 exceeds capital outlay of \$282,755 in the period.		(39,230)
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		50,000
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred.		833
In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned.		(11,132)
In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis.		178,051
In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources (retirement incentive).		<u>41,329</u>
Change in Net Position of Governmental Activities	\$	<u><u>10,861</u></u>

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
 JUNE 30, 2015

	AGENCY FUNDS
<u>ASSETS</u>	
Cash (Note 2)	
Cash on Hand and in Banks	\$ 21,274
TOTAL ASSETS	\$ 21,274
<u>LIABILITIES</u>	
Due to Student Groups	\$ 21,274
TOTAL LIABILITIES	\$ 21,274

The Notes to Financial Statements are an integral part of this statement.



HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Helendale School District conform to accounting principles generally accepted in the United States of America as applicable to governments and to general practices within California school districts. The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's California School Accounting Manual. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and by the American Institute of Certified Public Accountants. The following is a summary of the significant accounting policies:

Fund Accounting

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance or retained earnings, revenues and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District accounts are organized into major, nonmajor, and fiduciary funds.

Major Governmental Funds:

General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Charter School Fund is used to account for resources dedicated to charter school programs maintained by the District.

Capital Facilities Fund is used to account for resources received from developer fees expended for maintenance of District facilities.

Nonmajor Governmental Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed for purposes other than debt service or capital outlay and that compose a substantial portion of the fund's resources. The District maintains two nonmajor special revenue funds.

- Cafeteria Account is used to account for revenues received and expenditures made to operate the District's food service operations.
- Deferred Maintenance Fund is used for the purpose of major repair or replacement of District property. To comply with GASB 54 requirements, the Deferred Maintenance Fund has been combined with the General Fund for reporting purposes.

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

Debt Service Funds are used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs. The District maintains one nonmajor debt service fund.

- The Bond Interest and Redemption Fund is used to account for the accumulation of resources for, and the repayment of District bonds, interest and related costs.

Capital Projects Funds are used to account for the acquisition and/or construction of all major governmental general fixed assets. The District maintains two nonmajor capital projects funds.

- Building Fund is used to account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds.
- Special Reserve Fund is used to account for revenues received and expenditures made in connection with capital asset replacement as deemed necessary by Board action.

Fiduciary Funds:

Agency Funds are used to account for assets of others for which the District acts as an agent. The District maintains an agency fund for each school that operates an associated student body.

Basis of Presentation

Government-Wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District and its component units.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities.

Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other uses) in net current assets.

Fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Revenues – exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, “available” means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as unearned revenue.

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all government funds. By State law, the District's Board of Trustees must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Board of Trustees satisfied these requirements.

These budgets are revised by the District's Board of Trustees and District Superintendent during the year to give consideration to unanticipated income and expenditures. The final revised budget that is presented in the financial statements consists of the original Board approved documents plus all revisions through June 30, 2015.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Accounting Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures (expenses) during the reporting period. Actual results could differ from those estimates.

Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All outstanding encumbrances were liquidated at June 30.

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015

Cash and Cash Equivalents

The District’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life in Years</u>
Land	N/A
Playground Equipment	20
Furniture and Equipment	5 - 10
Computer Equipment	5
Licensed Vehicles	8
Land Improvements	20
School/Office Buildings	50
Construction in Progress	0
Portable Structures	25

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “due to/from other funds.” These amounts are eliminated in the governmental activities columns of the statement of net position.

Compensated Absences

All vacation pay plus related payroll taxes is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

Net Position in the Government-Wide Financial Statements

In the government-wide Statement of Net Position, the net position amount can be classified and displayed in three components:

- Net Investment in Capital Assets – This consists of capital assets net of accumulated depreciation and reduced by any long term borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.
- Restricted – This consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- Unrestricted – This consists of the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Fund Balance Reserves and Designations

In the governmental funds Balance Sheet, fund balance amounts are reported within the fund balance categories below:

- Nonspendable – This is fund balance associated with revolving cash funds, inventories and prepaids.
- Restricted – This includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- Committed – This includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Trustees (the District’s highest level of decision-making authority).
- Assigned – These funds are intended to be used by the government (District) for specific purposes but do not meet the criteria to be classified as restricted or committed.
- Unassigned – This is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications.

When fund balance resources are available for a specific purpose in multiple classifications, the District would use the most restrictive funds first.

Deferred Outflows and Deferred Inflows of Resources

Included in the Statement of Net Position are separate sections for deferred outflows and deferred inflows of resources.

Deferred outflows of resources is a consumption of net assets or net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net assets or net position that is applicable to a future reporting period. Deferred outflows and deferred inflows of resources have been reported as a result of recording the net pension liabilities and pension expense.

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the CalPERS Schools Pool Cost-Sharing Multiple-Employer Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple-Employer Plan (CalSTRS Plan) and additions to/deductions from the CalPERS Plan and CalSTRS Plan's fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined time frames. For this report, the following time frames are used:

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Measurement Period	July 1, 2013 to June 30, 2014

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts is reported as other financing sources/uses.

Local Control Funding Formula/Property Tax

As a result of the 2013-14 state budget package, the District's state apportionments are based on a new Local Control Funding Formula (LCFF). The LCFF creates base, supplemental, and concentration grants (by grade span) in place of most previously existing K-12 funding streams, including revenue limits and most state categorical programs. Full implementation of LCFF is estimated to be in fiscal year 2020-21. Until then, the District will receive approximately the same level of funding as in 2012-13, plus an additional amount each year to bridge the gap between current year funding and the LCFF target levels.

The County is responsible for assessing, collecting and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The County apportions secured property tax revenue in accordance with the alternate method of distributions prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll – approximately October 1 of each year.

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local LCFF sources by the District.

The California Department of Education reduces the District's entitlement by the District's local property tax revenue. The balance is paid from the State General Fund, and is known as the State Apportionment.

Change in Accounting Policies

- In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria.

The Statement requires numerous new pension disclosures in the notes to the financial statements and two new 10-year schedules as required supplementary information. Also, for the first time, the District is required to recognize pension expense, report deferred outflows of resources and deferred inflows of resources related to pensions and record a net pension liability for its proportionate share of the net pension liability for CalPERS and CalSTRS. The District will also record its proportionate share of the collective pension expense, collective deferred outflows of resources and deferred inflows of resources related to pensions. The reporting of these new amounts on the government-wide financial statements, along with the effect of the restatement of the beginning net position, if any, will also affect the District's government-wide net position.

- In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68.



HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015

2. CASH AND DEPOSITS

Cash at June 30, 2015, consisted of the following:

	Governmental Funds	Fiduciary Funds	Total
Pooled Funds:			
Cash in County Treasury	\$ 2,491,292	\$ -	\$ 2,491,292
Deposits:			
Cash on Hand and in Banks	32,784	21,274	54,058
Cash in Revolving Fund	10,000	-	10,000
Total	\$ 2,534,076	\$ 21,274	\$ 2,555,350

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the San Bernardino County Treasury as part of the investment pool (\$4,937,805,744 as of June 30, 2015). The County pools these funds with those of other districts in the County and invests the cash. These pooled funds are carried at cost which approximates market value. The District is considered to be an involuntary participant in the external investment pool. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The fair market value of this pool as of June 30, 2015, as provided by the pool sponsor, was \$4,927,953,687. The County is required by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury and in Money Market Mutual Fund U.S. Treasury Fund obligations. The District maintains an investment with the San Bernardino County Investment Pool with a fair value of approximately \$2,486,321 and an amortized book value of \$2,491,292. The average weighted maturity for this pool is 332 days.

The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2015, the District had no significant interest rate risk related to cash and investments held.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The District does not have a formal investment policy that limits its investment choices other than the limitations of State law.

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District does not place limits on the amount it may invest in any one issuer. At June 30, 2015, the District had no concentration of credit risk.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. However, the California Government code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits.

Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institutions is fully insured or collateralized.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the County are either secured by federal depository insurance or are collateralized.

3. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2015, consisted of the following:

	GENERAL FUND	CHARTER SCHOOL FUND	CAPITAL FACILITIES FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL
Federal Sources					
Categorical Aid Programs	\$ 50,261	\$ -	\$ -	\$ 15,963	\$ 66,224
Child Nutrition Program	-	-	-	-	-
Total Federal	<u>50,261</u>	<u>-</u>	<u>-</u>	<u>15,963</u>	<u>66,224</u>
State Sources					
LCFF	678	-	-	-	678
Child Nutrition Program	-	-	-	1,229	1,229
Lottery	49,779	16,864	-	-	66,643
Total State	<u>50,457</u>	<u>16,864</u>	<u>-</u>	<u>1,229</u>	<u>68,550</u>
Local Sources					
Local	182,716	2,087	-	-	184,803
Interest	1,298	416	532	44	2,290
Other	-	-	-	843	843
Total Local	<u>184,014</u>	<u>2,503</u>	<u>532</u>	<u>887</u>	<u>187,936</u>
Total Receivables	<u>\$ 284,732</u>	<u>\$ 19,367</u>	<u>\$ 532</u>	<u>\$ 18,079</u>	<u>\$ 322,710</u>

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015

4. INTERFUND TRANSACTIONS

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

A. Interfund Receivables/Payables (Due To/Due From)

Individual fund interfund receivable and payable balances at June 30, 2015, are as follows:

	<u>DUE TO</u>
<u>DUE FROM</u>	<u>GENERAL FUND</u>
Charter School Fund	\$ 150,266
All Other Governmental Funds	45,615
	<hr/>
Total	\$ 195,881
	<hr/> <hr/>

B. Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund transfers for the 2014-15 fiscal year were as follows:

	<u>TRANSFERS TO</u>
<u>TRANSFERS FROM</u>	<u>CAPITAL FACILITIES FUND</u>
General Fund	\$ 93,284
	<hr/> <hr/>

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015

5. FUND BALANCE

Ending fund balance in the governmental funds is composed of the following elements:

	GENERAL FUND	CHARTER SCHOOL FUND	CAPITAL FACILITIES FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL
Nonspendable:					
Revolving Fund	\$ 10,000	\$ -	\$ -	\$ -	\$ 10,000
Prepaid Expenditures	17,474	6,032	-	-	23,506
Total Nonspendable	<u>27,474</u>	<u>6,032</u>	<u>-</u>	<u>-</u>	<u>33,506</u>
Restricted for:					
Legally Restricted Balances	321	-	599,756	348,095	948,172
Assigned for:					
Other Assignments	112,545	312,316	-	-	424,861
Unassigned for:					
Reserve for Economic Uncertainties	172,924	-	-	-	172,924
Unassigned	959,088	-	-	-	959,088
Total Unassigned	<u>1,132,012</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,132,012</u>
Total Fund Balances	<u>\$ 1,272,352</u>	<u>\$ 318,348</u>	<u>\$ 599,756</u>	<u>\$ 348,095</u>	<u>\$ 2,538,551</u>

6. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the fiscal year ended June 30, 2015, is shown below:

PRIMARY GOVERNMENT

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015
Land	\$ 190,269	\$ -	\$ -	\$ 190,269
Site Improvements	5,812,132	149,933	-	5,962,065
Buildings	7,258,641	-	-	7,258,641
Furniture and Equipment	1,810,966	132,822	-	1,943,788
Total at Historical Cost	<u>15,072,008</u>	<u>282,755</u>	<u>-</u>	<u>15,354,763</u>
Less Accumulated Depreciation for:				
Site Improvements	617,983	63,792	-	681,775
Buildings	1,838,151	144,958	-	1,983,109
Furniture and Equipment	1,016,631	113,235	-	1,129,866
Total Accumulated Depreciation	<u>3,472,765</u>	<u>321,985</u>	<u>-</u>	<u>3,794,750</u>
Governmental Activities Capital Assets, Net	<u>\$ 11,599,243</u>	<u>\$ (39,230)</u>	<u>\$ -</u>	<u>\$ 11,560,013</u>

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015

7. OPERATING LEASE

The District has entered into a five year lease agreement with Office Works for a photocopier under an operating lease.

At June 30, 2015, the future minimum lease payments for the agreement are as follows:

Year Ending June 30	Lease Payments
2016	6,720
2017	6,720
2018	6,720
2019	5,040
Total	\$ 25,200

8. LONG-TERM DEBT

A schedule of changes in long-term debt for the fiscal year ended June 30, 2015, is shown below:

	Balance* July 1, 2014	Additions	Deductions	Balance June 30, 2015	Amounts Due Within One Year
General Obligation Bonds	\$ 3,621,671	\$ -	\$ 50,000	\$ 3,571,671	\$ 170,000
Compensated Absences	97,392	11,132	-	108,524	-
Certificates of Participation	4,120,000	-	-	4,120,000	95,000
Net Pension Liability	5,066,185	-	994,520	4,071,665	-
Other General Long-Term Debt	41,329	-	41,329	-	-
Total	\$ 12,946,577	\$ 11,132	\$ 1,085,849	\$ 11,871,860	\$ 265,000

\* Restated

9. BONDED DEBT

The outstanding General Obligation Bonded Debt of the District at June 30, 2015, is the following:

Bond	Date of Bond	Year of Maturity	Rate of Interest	Amount of Original Issue	Bonds Outstanding July 1, 2014	Issued During Year	Matured During Year	Bonds Outstanding June 30, 2015
2009 Series	11/04/09	08/01/34	2.00-12.00%	\$ 4,001,671	\$ 3,621,671	\$ -	\$ 50,000	\$ 3,571,671

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015

The annual requirement to amortize the 2009 Series, General Obligation Bonds Payable, outstanding at June 30, 2015, is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 170,000	\$ 19,400	\$ 189,400
2017	175,000	12,500	187,500
2018	225,000	4,500	229,500
2019	99,319	175,681	275,000
2020	101,250	364,875	466,125
2021-25	97,767	1,863,483	1,961,250
2026-30	388,625	1,334,575	1,723,200
2031-35	2,314,710	590,937	2,905,647
Total	<u>\$ 3,571,671</u>	<u>\$ 4,365,951</u>	<u>\$ 7,937,622</u>

10. COMPENSATED ABSENCES

The total unpaid employee compensated absences as of June 30, 2015, amounted to \$108,524, which has been included in General Long-Term Debt.

11. CERTIFICATES OF PARTICIPATION

In 2012, the Helendale School District issued 2012 Refunding Certificates of Participation in the amount of \$4,120,000 with interest rates ranging from 3.00 to 3.75 percent. At June 30, 2015, the principal balance outstanding was \$4,120,000.

Future Minimum Payments are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 95,000	\$ 131,306	\$ 226,306
2017	100,000	128,381	228,381
2018	100,000	125,881	225,881
2019	100,000	123,881	223,881
2020	105,000	121,831	226,831
2021-25	560,000	572,375	1,132,375
2026-30	650,000	485,538	1,135,538
2031-35	785,000	368,384	1,153,384
2036-40	960,000	216,369	1,176,369
2041-42	665,000	37,969	702,969
Total	<u>\$ 4,120,000</u>	<u>\$ 2,311,915</u>	<u>\$ 6,431,915</u>

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015

12. NET PENSION LIABILITY

General Information About the Pension Plans

Plan Descriptions

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Classified employees are members of the California Public Employees' Retirement System (CalPERS) and certificated employees are members of the California State Teachers' Retirement System (CalSTRS). Benefit provisions under the plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. CalPERS and CalSTRS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites.

Benefits Provided

CalPERS and CalSTRS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of service credit for each year of full-time employment. Members with five years of total service are eligible to retire at age 62 for normal benefits or at age 55 with statutorily reduced benefits. Employees hired prior to January 1, 2013, are eligible to retire at age 60 for normal benefits or at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. All members are eligible for death benefits after one year of total service.

The plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	CalPERS		CalSTRS	
	Before <u>January 1, 2013</u>	On or After <u>January 1, 2013</u>	Before <u>January 1, 2013</u>	On or After <u>January 1, 2013</u>
Hire Date				
Benefit Formula	2% at 55	2% at 62	2% at 60	2% at 62
Benefit Vesting Schedule	5 Years	5 Years	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life
Retirement Age	50-62	52-67	50-62	55-67
Monthly benefits, as a % of eligible compensation	1.1 - 2.5%	1.0 - 2.5%	1.1 - 2.4%	1.0 - 2.4%*
Required employee contribution rates (average)	6.974%	6.974%	8.150%	8.150%
Required employer contribution rates	11.771%	11.771%	8.880%	8.880%

\*Amounts are limited to 120% of Social Security Wage Base.

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015

Contributions - CalPERS

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (measurement date), the average active employee contribution rate is 6.974% of annual pay and the employer's contribution rate is 11.442% of annual payroll.

Contributions - CalSTRS

For the measurement period ended June 30, 2014 (measurement date), Section 22950 of the California Education Code requires members to make monthly contributions of 8% of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS Board have been established at 8.25% of creditable compensation. Rates are defined in Section 22950.5 through measurement period ending June 30, 2021. Beginning in the fiscal year 2021-22 and for each fiscal year thereafter, the CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary by June 30, 2046.

On-Behalf Payments

Consistent with Section 22955.1 of the California Education Code, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the measurement period ended June 30, 2014 (measurement date), the State contributed 5.204002% of salaries creditable to CalSTRS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On-behalf payments have been excluded from the calculation of available reserves, and have not been included in the budgeted amounts reported in the General Fund Budgetary Comparison Schedule.

Contributions Recognized

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each plan were as follows:

	<u>CalPERS</u>	<u>CalSTRS</u>
Contributions - Employer	\$ 67,845	\$ 214,455
Contributions - Employee (paid by employer)	41,506	207,956
Contributions - State On-Behalf Payments	-	81,210
	<u>          </u>	<u>          </u>
Total	<u>\$ 109,351</u>	<u>\$ 503,621</u>



HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2015, the District reported a net pension liability for its proportionate share of the net pension liability of each plan as follows:

	Proportionate Share of Net Pension Liability
CalPERS	\$ 641,413
CalSTRS	3,430,252
Total Net Pension Liability	\$ 4,071,665

The District's net pension liability for each plan is measured as the proportionate share of the net pension liability as of June 30, 2014. The total pension liability for each plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, rolled forward to June 30, 2014. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. Although a valid comparison of the District's proportionate share at June 30, 2014, to its proportionate share at June 30, 2013, is not available in the first year of implementation of GASB Statement No. 68, that disclosure will be available in subsequent years.

For the year ended June 30, 2015, the District recognized pension expense of \$352,870. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 530,921	\$ -
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-
Net difference between projected and actual earnings on plan investments	-	1,065,090
Total	\$ 530,921	\$ 1,065,090

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015

\$530,921 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30	
2016	\$ 266,273
2017	266,272
2018	266,273
2019	266,272
Total	\$ 1,065,090

Actuarial Assumptions

The total pension liabilities in the June 30, 2013, actuarial valuations were determined using the following actuarial assumptions:

	CalPERS	CalSTRS
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry Age - Normal	Entry Age - Normal
Actuarial Assumptions		
Discount Rate	7.50%	7.60%
Inflation	2.75%	3.00%
Payroll Growth	3.00%	3.75%
Projected Salary Increase	3.20%-10.80% *	0.05%-5.60% *
Investment Rate of Return	7.50% #	7.60% #
Mortality	0.0125%-0.45905% &	0.013%-0.435% &

\* Depending on age, service and type of employment

# Net of pension plan investment expenses, including inflation

& Depending on age, gender and type of job

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for CalPERS and 7.60% for CalSTRS. To determine whether the District bond rate should be used in calculation of a discount rate for each plan, CalPERS and CalSTRS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate and the use of the District bond rate calculation is not necessary for either plan.

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015

The stress test results are presented in a detailed report that can be obtained from the CalPERS and CalSTRS websites.

According to Paragraph 30 of GASB Statement No. 68, the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. Administrative expenses are assumed to be 15 basis points. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS and CalSTRS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS and CalSTRS are scheduled to review all actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require board action and proper stakeholder outreach. For these reasons, CalPERS and CalSTRS expect to continue using a discount rate net of administrative expenses for GASB 67 and GASB 68 calculations through at least the 2017-18 fiscal year. CalPERS and CalSTRS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS and CalSTRS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>Strategic Allocation</u>	<u>Real Return (Years 1-10) *</u>	<u>Real Return (Years 11+) #</u>
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%

\* An expected inflation of 2.5% used for this period

# An expected inflation of 3.0% used for this period

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015

Sensitivity of Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the District's proportionate share of the net pension liability for each plan, calculated using the discount rate for each plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>CalPERS</u>	<u>CalSTRS</u>
1% Decrease	6.50%	6.60%
Net Pension Liability	\$ 1,125,184	\$ 5,346,866
Current Discount Rate	7.50%	7.60%
Net Pension Liability	\$ 641,413	\$ 3,430,252
1% Increase	8.50%	8.60%
Net Pension Liability	\$ 237,173	\$ 1,832,144

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS and CalSTRS financial reports.

13. JOINT POWERS AGREEMENTS

The District is a member of one Joint Powers Authority (JPA).

The California Schools Risk Management (CSRМ) provides excess liability coverage over amounts covered by CSEBA.

The above JPA, established pursuant to the provisions of the California Government Code, has local public educational agencies, mostly school districts, as participants. Each participating district has one seat and one vote in the governing body of the JPA.

The JPA is independently accountable for their fiscal matters and it maintains their own accounting records. Budgets are not subject to any approval other than that of the JPA governing board. Member districts share surpluses and deficits proportionately to their participation in the JPA.

The relationship between the Helendale School District and the JPA was such that the JPA was not a component unit of the District for financial reporting purposes.

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015

Condensed financial information on the CSRM is as follows:

	Audited June 30, 2014
Total Assets	\$ 53,473,271
Total Liabilities	15,751,663
Net Position	\$ 37,721,608
Total Revenues	\$ 32,173,583
Total Expenditures	34,237,132
Net Increase (Decrease) in Net Position	\$ (2,063,549)

14. COMMITMENTS AND CONTINGENCIES

A. Federal Allowances, Awards and Grants

The District has received Federal and State funds for specific purposes that are subject to review and audit by the grantor agencies. If the review or audit discloses exceptions, the District may incur a liability to grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

B. Litigation

Various claims and litigation involving the District are currently outstanding. However, management of the District believes, based on consultation with legal counsel, that the ultimate resolution of these matters will not have a material adverse effect on the District's financial position or results of operations.

C. Construction Commitments

As of June 30, 2015, the District had no commitments with respect to unfinished capital projects.

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

15. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2015, expenditures exceeded appropriations in individual funds as follows:

<u>Appropriation Category</u>	<u>Excess Expenditures</u>
General Fund:	
Employee Benefits	\$ 24,681
Other Outgo	1
Charter School Fund:	
Books and Supplies	30,329

16. ADJUSTMENT FOR RESTATEMENT

As a result of the implementation of GASB Statement No. 68, the net position at July 1, 2014, was restated by \$(4,783,885) to reflect the beginning balance of Net Pension Liability and Deferred Outflows of Resources.

Required Supplementary  
Information

**HELENDALE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		Actual (GAAP Basis)	Variance with Final Budget Positive-(Negative)
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Local Control Funding Formula Sources				
State Apportionments	\$ 3,130,348	\$ 3,017,353	\$ 3,013,322	\$ (4,031)
Education Protection Account Funds	533,972	801,881	801,881	-
Local Sources	(631,682)	175,935	186,561	10,626
Total LCFF Sources	<u>3,032,638</u>	<u>3,995,169</u>	<u>4,001,764</u>	<u>6,595</u>
Federal Revenues	158,661	193,182	193,182	-
Other State Revenues	110,203	154,577	256,158	101,581
Other Local Revenues	332,632	510,006	520,178	10,172
Total Revenues	<u>3,634,134</u>	<u>4,852,934</u>	<u>4,971,282</u>	<u>118,348</u>
<b><u>EXPENDITURES</u></b>				
Certificated Salaries	2,236,146	2,343,171	2,269,886	73,285
Classified Salaries	651,495	760,825	717,173	43,652
Employee Benefits	1,014,944	1,082,638	1,107,319	(24,681)
Books and Supplies	113,055	266,279	248,783	17,496
Services and Other Operating Expenditures	568,298	622,661	558,137	64,524
Other Outgo	164,359	132,616	132,617	(1)
Capital Outlay	187,730	90,667	67,762	22,905
Debt Service:				
Interest	-	93,284	-	93,284
Total Expenditures	<u>4,936,027</u>	<u>5,392,141</u>	<u>5,101,677</u>	<u>290,464</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,301,893)	(539,207)	(130,395)	408,812
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Interfund Transfers Out	-	-	(93,284)	(93,284)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>\$ (1,301,893)</u>	<u>\$ (539,207)</u>	(223,679)	<u>\$ 315,528</u>
<b><u>FUND BALANCE</u></b> - JULY 1, 2014			<u>1,496,031</u>	
<b><u>FUND BALANCE</u></b> - JUNE 30, 2015			<u>\$ 1,272,352</u>	

The Notes to Financial Statements are an integral part of this statement.



**HELENDALE SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**CHARTER SCHOOL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		Actual (GAAP Basis)	Variance with Final Budget Positive-(Negative)
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Local Control Funding Formula Sources				
State Apportionments	\$ 1,774,535	\$ 1,814,585	\$ 1,815,806	\$ 1,221
Education Protection Account Funds	325,694	406,142	406,142	-
Local Sources	112,361	91,334	91,334	-
Total LCFF Sources	<u>2,212,590</u>	<u>2,312,061</u>	<u>2,313,282</u>	<u>1,221</u>
Federal Revenues	59,883	45,434	45,435	1
Other State Revenues	58,787	77,699	124,128	46,429
Other Local Revenues	26,565	47,361	48,552	1,191
Total Revenues	<u>2,357,825</u>	<u>2,482,555</u>	<u>2,531,397</u>	<u>48,842</u>
<b><u>EXPENDITURES</u></b>				
Certificated Salaries	933,022	1,095,203	1,085,539	9,664
Classified Salaries	346,642	328,158	304,580	23,578
Employee Benefits	449,331	516,077	498,207	17,870
Books and Supplies	68,566	102,948	133,277	(30,329)
Services and Other Operating Expenditures	456,424	542,157	457,737	84,420
Capital Outlay	39,178	16,328	14,564	1,764
Total Expenditures	<u>2,293,163</u>	<u>2,600,871</u>	<u>2,493,904</u>	<u>106,967</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 64,662</u>	<u>\$ (118,316)</u>	37,493	<u>\$ 155,809</u>
<b><u>FUND BALANCE - JULY 1, 2014</u></b>			<u>280,855</u>	
<b><u>FUND BALANCE - JUNE 30, 2015</u></b>			<u>\$ 318,348</u>	

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
CALPERS LAST TEN FISCAL YEARS\*  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Fiscal Year 2015
District's proportion of the net pension liability (asset)	0.00565%
District's proportionate share of the net pension liability (asset)	\$ 641,413
District's covered-employee payroll	\$ 592,947
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	108.17%
Plan fiduciary net position as a percentage of the total pension liability	83.38%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
CALPERS LAST TEN FISCAL YEARS\*  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Fiscal Year 2015
Contractually required contribution	\$ 67,485
Contributions in relation to the contractually required contribution	67,485
Contribution deficiency (excess)	\$ -
 District's covered-employee payroll	\$ 592,947
Contributions as a percentage of covered-employee payroll	11.442%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
CALSTRS LAST TEN FISCAL YEARS\*  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Fiscal Year 2015
District's proportion of the net pension liability (asset)	0.00587%
District's proportionate share of the net pension liability (asset)	\$ 3,430,252
State's proportionate share of the net pension liability (asset) associated with the District	22,001,530,500
Total	\$ 22,004,960,752
District's covered-employee payroll	\$ 2,599,455
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	131.96%
Plan fiduciary net position as a percentage of the total pension liability	76.52%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
CALSTRS LAST TEN FISCAL YEARS\*  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Fiscal Year 2015
Contractually required contribution	\$ 214,455
Contributions in relation to the contractually required contribution	214,455
Contribution deficiency (excess)	\$ -
 District's covered-employee payroll	\$ 2,599,455
Contributions as a percentage of covered-employee payroll	8.25%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

The Notes to Financial Statements are an integral part of this statement.

## Supplementary Information

HELENDALE SCHOOL DISTRICT  
BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUND  
 JUNE 30, 2015

STATEMENT 1

	<u>CAFETERIA ACCOUNT</u>
<u>ASSETS</u>	
Cash	
Cash on Hand and in Banks	\$ 32,784
Accounts Receivable	18,035
	<hr/>
TOTAL ASSETS	\$ 50,819
	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities	
Accounts Payable	\$ 201
Due to Other Funds	45,615
	<hr/>
Total Liabilities	45,816
 Fund Balance	
Restricted	5,003
	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 50,819
	<hr/> <hr/>

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
NONMAJOR SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>CAFETERIA</u> <u>ACCOUNT</u>
<u>REVENUES</u>	
Federal Revenues	\$ 151,389
Other State Revenues	11,742
Other Local Revenues	45,855
Total Revenues	208,986
<u>EXPENDITURES</u>	
Pupil Services:	
Food Services	208,986
Total Expenditures	208,986
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-
<u>FUND BALANCE</u> - JULY 1, 2014	5,003
<u>FUND BALANCE</u> - JUNE 30, 2015	\$ 5,003

The Notes to Financial Statements are an integral part of this statement.



HELENDALE SCHOOL DISTRICT  
BALANCE SHEET  
NONMAJOR DEBT SERVICE FUND  
 JUNE 30, 2015

	<u>BOND INTEREST AND REDEMPTION FUND</u>
<u>ASSETS</u>	
Cash	
Cash in County Treasury	\$ 295,136
TOTAL ASSETS	\$ 295,136
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities	
Accounts Payable	\$ -
Fund Balance	
Restricted	295,136
TOTAL LIABILITIES AND FUND BALANCE	\$ 295,136

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
NONMAJOR DEBT SERVICE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>BOND INTEREST AND REDEMPTION FUND</u>
<u>REVENUES</u>	
Other State Revenues	\$ 2,907
Other Local Revenues	<u>305,436</u>
Total Revenues	<u>308,343</u>
<u>EXPENDITURES</u>	
Debt Service:	
Principal	50,000
Interest	<u>23,800</u>
Total Expenditures	<u>73,800</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	234,543
<u>OTHER FINANCING SOURCES (USES)</u>	
Other Sources	<u>119</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	234,662
<u>FUND BALANCE</u> - JULY 1, 2014	<u>60,474</u>
<u>FUND BALANCE</u> - JUNE 30, 2015	<u>\$ 295,136</u>

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2015

	<u>BUILDING FUND</u>	<u>SPECIAL RESERVE FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash			
Cash in County Treasury	\$ -	\$ 47,912	\$ 47,912
Accounts Receivable	1	43	44
TOTAL ASSETS	<u>\$ 1</u>	<u>\$ 47,955</u>	<u>\$ 47,956</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts Payable	\$ -	\$ -	\$ -
Fund Balances			
Assigned	<u>1</u>	<u>47,955</u>	<u>47,956</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1</u>	<u>\$ 47,955</u>	<u>\$ 47,956</u>

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>BUILDING FUND</u>	<u>SPECIAL RESERVE FUND</u>	<u>TOTAL</u>
<u>REVENUES</u>			
Other Local Revenues	\$ 754	\$ 188	\$ 942
<u>EXPENDITURES</u>			
Facilities Acquisition and Construction	<u>2,490</u>	<u>-</u>	<u>2,490</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,736)	188	(1,548)
<u>FUND BALANCES - JULY 1, 2014</u>	<u>1,737</u>	<u>47,767</u>	<u>49,504</u>
<u>FUND BALANCES - JUNE 30, 2015</u>	<u>\$ 1</u>	<u>\$ 47,955</u>	<u>\$ 47,956</u>

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT  
COMBINING STATEMENT OF CHANGES IN  
ASSETS AND LIABILITIES  
STUDENT BODY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	BALANCE JULY 1, 2014	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2015
<u>HELENDALE ELEMENTARY SCHOOL</u>				
<u>ASSETS</u>				
Cash on Hand and in Banks	\$ 11,363	\$ 28,071	\$ 29,519	\$ 9,915
TOTAL ASSETS	<u>\$ 11,363</u>	<u>\$ 28,071</u>	<u>\$ 29,519</u>	<u>\$ 9,915</u>
<u>LIABILITIES</u>				
Due to Student Groups				
General ASB Accounts	\$ 11,363	\$ 28,071	\$ 29,519	\$ 9,915
TOTAL LIABILITIES	<u>\$ 11,363</u>	<u>\$ 28,071</u>	<u>\$ 29,519</u>	<u>\$ 9,915</u>
<u>RIVERVIEW MIDDLE SCHOOL/ ACADEMY OF CAREERS AND EXPLORATION</u>				
<u>ASSETS</u>				
Cash on Hand and in Banks	\$ 17,006	\$ 126,428	\$ 132,075	\$ 11,359
TOTAL ASSETS	<u>\$ 17,006</u>	<u>\$ 126,428</u>	<u>\$ 132,075</u>	<u>\$ 11,359</u>
<u>LIABILITIES</u>				
Due to Student Groups				
General ASB Accounts	\$ 17,006	\$ 126,428	\$ 132,075	\$ 11,359
TOTAL LIABILITIES	<u>\$ 17,006</u>	<u>\$ 126,428</u>	<u>\$ 132,075</u>	<u>\$ 11,359</u>
<u>TOTAL</u>				
<u>ASSETS</u>				
Cash on Hand and in Banks	\$ 28,369	\$ 154,499	\$ 161,594	\$ 21,274
TOTAL ASSETS	<u>\$ 28,369</u>	<u>\$ 154,499</u>	<u>\$ 161,594</u>	<u>\$ 21,274</u>
<u>LIABILITIES</u>				
Due to Student Groups				
General ASB Accounts	\$ 28,369	\$ 154,499	\$ 161,594	\$ 21,274
TOTAL LIABILITIES	<u>\$ 28,369</u>	<u>\$ 154,499</u>	<u>\$ 161,594</u>	<u>\$ 21,274</u>

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT  
BOARD OF TRUSTEES AND ORGANIZATION  
 JUNE 30, 2015

BOARD OF TRUSTEES

MEMBER	OFFICE	TERM EXPIRES
Frank Melendez	President	December 2018
Maria Ferrin	Clerk	December 2016
Herm Engelhardt	Representative	December 2018
Jennifer Funt	Member	December 2016
Barbara Schneider	Member	December 2018

ADMINISTRATION

Ross Swearingen	Superintendent
Deanna Dibble	Business Manager
Michael Hayhurst	Director of Pupil Services and Independence Charter Academy
Joshua Maze	Director of Technology
William Brown	Principal - Riverview Middle School and The Academy of Careers and Exploration
Cindy Espinoza	Principal - Helendale Elementary School
Kathy Henderson	School Administrative Manager

ORGANIZATION

The Helendale School District is a public school system located in the high desert of Southern California. Historically speaking, the Helendale School District is one of the oldest school districts in the high desert. Known originally as the Mojave School District and founded on February 4, 1877, it began as a small one room school on the Berge Ranch. Since then, many changes have occurred and have developed into what is now known as the Helendale School District, effective September 27, 1975.

The District provides instruction at three sites. Helendale Elementary school provides instruction for kindergarten through sixth grade. Helendale Secondary School is home to Riverview Middle School and The Academy of Careers and Exploration (ACE) charter school. Riverview Middle School provides instruction for seventh and eighth grade. ACE charter school provides in seat instruction for seventh through twelfth grade and also provides instruction for kindergarten through twelfth grade through independent study. Independence Charter Academy (ICA) is located at the District office site. ICA provides independent study instruction for kindergarten through the twelfth grade. The school district covers a total area of 330 square miles. There were no changes in the District's boundaries in the current year.

HELENDALE SCHOOL DISTRICT  
SCHEDULE OF AVERAGE DAILY ATTENDANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Second Period Report <u>ABA1585C</u>	Annual Report <u>381EBAB9</u>
TK/K-3		
Regular	281.76	283.55
Extended Year Special Education	0.15	0.32
Subtotal TK/K-3	<u>281.91</u>	<u>283.87</u>
Grades 4-6		
Regular	193.06	192.32
Extended Year Special Education	-	0.04
Subtotal 4-6	<u>193.06</u>	<u>192.36</u>
Grades 7-8		
Regular	109.20	106.92
Extended Year Special Education	-	0.04
Subtotal 7-8	<u>109.20</u>	<u>106.96</u>
Grand Total	<u><u>584.17</u></u>	<u><u>583.19</u></u>
	Second Period Report <u>B7D4AF3E</u>	Annual Report <u>E14D640D</u>
<u>Academy of Careers and Exploration</u>		
Grades 7-8		
Classroom-Based	18.88	19.15
Non Classroom-Based	-	0.04
Subtotal 7-8	<u>18.88</u>	<u>19.19</u>
Grades 9-12		
Classroom-Based	220.08	218.15
Non Classroom-Based	0.04	0.04
Subtotal 9-12	<u>220.12</u>	<u>218.19</u>
Grand Total	<u><u>239.00</u></u>	<u><u>237.38</u></u>
	Second Period Report <u>DBBBD4DD</u>	Annual Report <u>2790A5DE</u>
<u>Independence Charter Academy</u>		
TK/K-3		
Regular	<u>6.78</u>	<u>7.35</u>
Grades 4-6		
Regular	<u>6.81</u>	<u>7.57</u>
Grades 7-8		
Regular	<u>6.39</u>	<u>8.26</u>
Grades 9-12		
Regular	<u>40.27</u>	<u>42.05</u>
Grand Total	<u><u>60.25</u></u>	<u><u>65.23</u></u>

HELENDALE SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

GRADE LEVEL	1986-87 MINUTES REQUIREMENT	RECALCULATED 1986-87 MINUTES REQUIREMENT*	2014-15 ACTUAL MINUTES	NUMBER OF DAYS TRADITIONAL CALENDAR	NUMBER OF DAYS MULTITRACK CALENDAR	STATUS
Kindergarten	36,000	35,000	55,445	175	N/A	In Compliance
Grades 1-3	50,400	49,000	51,485	175	N/A	In Compliance
Grades 4-8	54,000	52,500	53,465	175	N/A	In Compliance
Grades 7-8**	54,000	52,457	53,465	175	N/A	In Compliance
Grades 9-12**	64,000	62,949	63,432	175	N/A	In Compliance

\* Amounts reduced as permitted by Education Code Section 46201.2(b).

\*\* Grades 7 through 12 instructional minutes are for classroom based charter.

Note: The District participated in Longer Day incentives and did not meet or exceed its target funding.

See accompanying Notes to Supplementary Information.



HELENDALE SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>GENERAL FUND</u>	(BUDGET)			
	<u>2016*</u>	<u>2015</u>	<u>2014****</u>	<u>2013****</u>
Revenues and Other Financial Sources	\$ 5,726,076	\$ 4,971,282	\$ 4,174,818	\$ 3,677,962
Expenditures	5,692,643	5,101,677	4,066,871	3,816,854
Other Uses and Transfers Out	-	93,284	-	171,214
Total Outgo	<u>5,692,643</u>	<u>5,194,961</u>	<u>4,066,871</u>	<u>3,988,068</u>
Change in Fund Balance	<u>\$ 33,433</u>	<u>\$ (223,679)</u>	<u>\$ 107,947</u>	<u>\$ (310,106)</u>
Ending Fund Balance	<u>\$ 1,321,027</u>	<u>\$ 1,272,352</u>	<u>\$ 1,496,004</u>	<u>\$ 1,388,057</u>
Available Reserves	<u>\$ 1,320,706</u>	<u>\$ 1,147,282</u>	<u>\$ 1,229,869</u>	<u>\$ 1,234,645</u>
Reserve for Economic Uncertainties	<u>\$ -</u>	<u>\$ 172,924</u>	<u>\$ 164,419</u>	<u>\$ 134,782</u>
Unassigned Fund Balance	<u>\$ 1,320,706</u>	<u>\$ 974,358</u>	<u>\$ 1,065,450</u>	<u>\$ 1,099,863</u>
Available Reserves as a Percentage of Total Outgo	<u>23.20%</u>	<u>22.10%</u>	<u>30.24%</u>	<u>30.95%</u>
Total Long-Term Debt	<u>**</u>	<u>\$ 11,871,860</u>	<u>\$ 7,880,392</u>	<u>\$ 12,695,815</u>
Average Daily Attendance at P-2***	<u>603</u>	<u>584</u>	<u>555</u>	<u>522</u>

The General Fund balance has decreased by \$115,732 over the past two years. The fiscal year 2015-16 budget projects an increase of \$33,433. For a district this size, the State recommends available reserves of at least 4% of total General Fund expenditures, transfers out, and other uses or \$50,000, whichever is greater. Helendale School District has met the State's minimum requirements.

Average daily attendance has increased by 62 ADA over the past two years. An increase of 19 ADA is anticipated during fiscal year 2015-16.

\* Based on July 1 budget, included for analytical purposes only and has not been subjected to audit.

\*\* Not determined.

\*\*\* Excludes Charter School ADA.

\*\*\*\* Does not include adjustments for Net Pension Liability.

See accompanying Notes to Supplementary Information.

HELENDALE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL CATALOG NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
<u>GENERAL FUND</u>			
U.S. Department of Education:			
Passed through the California Department of Education (CDE):			
NCLB Title I	84.010	13797	\$ 51,067
IDEA, Education for the Handicapped Local Assistance	84.027	13379	124,834
NCLB Title II, Part A, Improving Teacher Quality	84.367	14346	<u>17,281</u>
Total Department of Education			<u>193,182</u>
<u>CHARTER SCHOOL FUND</u>			
U.S. Department of Education:			
Passed through CDE:			
IDEA, Education for the Handicapped Local Assistance	84.027	13379	39,947
NCLB Title II, Part A, Improving Teacher Quality	84.367	14341	<u>5,487</u>
Total Department of Education			<u>45,434</u>
<u>CAFETERIA ACCOUNT</u>			
U.S. Department of Agriculture:			
Passed through CDE:			
National School Lunch	10.555	13391	130,571
Especially Needy Breakfast	10.553	13326	<u>20,818</u>
Total Department of Agriculture			<u>151,389</u>
Total Federal Expenditures			<u>\$ 390,005</u>

See accompanying Notes to Supplementary Information.

HELENDALE SCHOOL DISTRICT  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT FORM  
WITH AUDITED FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>GENERAL FUND</u>	<u>DEFERRED MAINTENANCE FUND</u>
June 30, 2015, Annual Financial and Budget Report Form Fund Balance	<u>\$ 1,287,594</u>	<u>\$ 27</u>
<u>Adjustments and Reclassifications</u>		
Increase Due from Other Funds for:		
Contribution to Cafeteria	(15,269)	-
Increase (Decrease) Fund Balance for:		
GASB 54 Reporting Requirement	<u>27</u>	<u>(27)</u>
June 30, 2015, Audited Financial Statements Fund Balance	<u><u>\$ 1,272,352</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to Supplementary Information.

HELENDALE SCHOOL DISTRICT  
SCHEDULE OF CHARTER SCHOOLS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>CHARTER SCHOOLS</u>	<u>INCLUSION IN FINANCIAL STATEMENTS</u>
Academy of Careers and Exploration	Included
Empire Springs Charter School	Not Included
Alta Vista South Public Charter School	Not Included
Independence Charter Academy	Included

See accompanying Notes to Supplementary Information.

HELENDALE SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2015

1. PURPOSE OF SCHEDULES

A. Schedule of Average Daily Attendance

Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to school entities. This schedule provides information regarding the attendance of students at various grade spans and in different programs.

B. Schedule of Instructional Time

Districts, including basic aid districts, must maintain their instructional minutes at 1986-87 requirements, as required by Education Code Section 46201. This schedule is required for all districts, including basic aid districts.

The District has received incentive funding for increasing instructional time as provided by the incentives for Longer Instructional Day. The District has not met or exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code.

C. Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

D. Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Helendale School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

E. Reconciliation of Annual Financial and Budget Report Form with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds and the total liabilities balance of the general long-term debt as reported on the Annual Form to the audited financial statements.

F. Schedule of Charter Schools

This schedule provides a list of Charter Schools sponsored by the District and specifies whether the Charter Schools are included in these financial statements.



Jeanette L. Garcia,  
CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

To the Board of Trustees  
Helendale School District  
Helendale, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Helendale School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Helendale School District's basic financial statements, and have issued our report thereon dated December 14, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Helendale School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Helendale School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Helendale School District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Member:

American  
Institute of  
Certified Public  
Accountants

California  
Society of  
Certified Public  
Accountants

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Helendale School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Jeanette L Garcia + Associates*

Redlands, California  
December 14, 2015



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Jeanette L. Garcia,  
CPA

To the Board of Trustees  
Helendale School District  
Helendale, California

**Report on State Compliance**

We have audited the District's compliance with the types of compliance requirements described in the *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the California Education Audit Appeals Panel that could have a direct and material effect on each of the District's state programs identified below for fiscal year ended June 30, 2015.

***Management's Responsibility for State Compliance***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each applicable program as identified in the *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

	<u>Procedures Performed</u>
Member:  American Institute of Certified Public Accountants  California Society of Certified Public Accountants	Local Education Agencies Other Than Charter Schools: Attendance Teacher Certification and Misassignments Kindergarten Continuance Independent Study Continuation Education
	Yes Yes Yes Yes Not Applicable



	<u>Procedures Performed</u>
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No (see below)
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Regional Occupational Centers or Programs Maintenance of Effort	Not Applicable
Adult Education Maintenance of Effort	Not Applicable
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
After School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Common Core Implementation Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study for Charter Schools	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
Annual Instructional Minutes - Classroom Based	Yes
Charter School Facility Grant Program	Yes

We did not test compliance for Early Retirement Incentive because the District did not participate.

### **Opinion on State Compliance**

In our opinion, Helendale School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2015.

*Janette L Garcia + Associates*

Redlands, California  
December 14, 2015

## Findings and Recommendations

HELENDALE SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	_____ Yes <u>✓</u> No
Significant deficiencies identified?	_____ Yes <u>✓</u> None Reported
Noncompliance material to financial statements noted?	_____ Yes <u>✓</u> No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	Not Applicable
Significant deficiencies identified?	Not Applicable
Type of auditor's report issued on compliance for major programs:	None (did not require Single Audit)
Any audit finding disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	Not Applicable

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program of Cluster</u>
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None	None
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Dollar threshold used to distinguish between Type A and Type B programs:	Not Applicable
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Auditee qualified as low-risk auditee?	Not Applicable
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State Awards

Internal control over state programs:	
Material weakness(es) identified?	_____ Yes <u>✓</u> No
Significant deficiencies identified?	_____ Yes <u>✓</u> None reported
Noncompliance material to financial statements noted?	_____ Yes <u>✓</u> No

Type of auditor's report issued on compliance for State programs:	Unmodified
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HELENDALE SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**Section II – Financial Statement Findings**

None Reported.

**Section III – Federal Award Findings and Questioned Costs**

None Reported.

**Section IV – State Award Findings and Questioned Costs**

None Reported.

HELENDALE SCHOOL DISTRICT  
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**Prior Year Findings and Recommendations:**

FINDING 2014-001  
Code 10000  
Independent Study

Specific Requirements: Education Code 51747 states that independent study written agreements must include the signatures of the pupil, the parent or legal guardian and the certificated employee responsible for supervising the Independent Study. Title 5, CCR, Section 11703 requires representative samples of homework be maintained.

Condition: It was noted that for all short term independent study absences, the written agreements were signed after the absence took place or not at all. In addition, homework samples signed and dated by the teacher were not retained.

Questioned Costs: Not Applicable.

Context: A sample of independent study absences were tested from school month 5. Upon finding exceptions, it was determined from further testing that all independent study contracts were incomplete.

Effect: The District cannot claim the ADA generated by short term independent study. Apportionment Attendance at Second Period is overstated by 2.84 which results in a loss of funding of approximately \$16,000. The attendance was corrected prior to submission of the second period report.

Cause: Unknown.

Recommendation: The District should review the procedures for short-term independent study to ensure that the agreements are signed prior to the absence. Homework samples should be retained for each independent study agreement.

District Response: The District will ensure that all independent study agreements are signed before or the day of the student absence. Homework samples will be retained for all independent study agreements.

**Current Status: Implemented.**